SGH Property Income Fund

31 March 2018

SG HISCOCK & COMPANY

Fact Sheet

Investment objective	A dividend yield (before fees) which is higher than the S&P/ASX300 A-REIT Accumulation Index and a total return in excess of the CPI + 3% over rolling five year periods (before fees).		
Investments held	The Fund primarily invests in A-REITs and may also invest in real estate management, development and infrastructure securities. An A-REIT is a collective investment vehicle, which owns a portfolio of real property, thus providing for a wider form of ownership. A-REITs are listed on the ASX, and their prices fluctuate with supply and demand, as with equity instruments. As a rule A-REITs derive the bulk of their income from rental property income. The Fund generally seeks to invest in A-REITs that exhibit an above average proportion of their income sourced from rents rather than more volatile income streams such as third party construction or development. As a result of this strategy, the Fund's investment portfolio has very different weights to that of the S&P/ASX300 A-REIT Index. The S&P/ASX300 A-REIT Index has changed so much that there is now a significant concentration of the largest stocks in this index. The Investment Manager believes that the investment strategy for the Fund is likely to provide superior portfolio diversification (by setting a maximum portfolio weight for any individual security in the portfolio at 15%), and the potential for a higher income yield than the S&P/ASX300 A-REIT Index.		
Investment Manager	SG Hiscock & Company		
APIR	ETL0119AU	**mFund Product Code**	SHF03
Commencement	30 November 2005	**Buy spread**	+0.25%
Management costs[1]	0.95% p.a.	**Sell spread**	-0.25%
Minimum initial investment	$20,000	**Investment pool size**	$284.90 million

Unit Prices	**Application**	**Net Asset Value**	**Withdrawal**
31 March 2018	$ 0.3307	$ 0.3299	$ 0.3291

Performance as at 31 March 2018[2]	**1 mth %**	**3 mths %**	**6 mths %**	**1 yr %**	**3 yrs % p.a.**	**5 yrs % p.a.**	**7 yrs % p.a.**
Distribution Return	0.57	0.52	1.71	16.39	14.40	12.67	11.04
Growth Return	-0.85	-7.96	-1.53	-17.85	-8.58	-1.90	1.69
Total Net Return	-0.28	-7.44	0.18	-1.46	5.82	10.77	12.73
CPI + 3% pa	0.41	1.23	2.45	5.04	4.71	5.09	5.26
S&P/ASX 300 A-REIT Accum. Index	0.11	-6.19	1.12	-0.07	5.78	10.79	12.03

Top 5 holdings as at 31 March 2018
Scentre Group
Stockland Property Trust
Westfield Corporation
Vicinity Centres
Charter Hall Retail REIT

Top 5 holdings represent 66.62% of the total Fund.

Distribution Period	**Cents per Unit**
31-Mar-17	0.2526
30-Jun-17	5.6641
30-Sep-17	0.1996
31-Dec-17	0.4160
31-Mar-18	0.1871

Asset Allocation as at 31 March 2018	
Australian REITS	99.40
Cash	0.60

PROFESSIONAL PLANNER | ZENITH FUND AWARDS 2014 FINALIST *

1. Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").
2. Performance: Distribution Return is the return due to distributions paid by the Fund, Growth Return is the return due to changes in initial capital value of the Fund, Total Net Return is the Fund return after the deduction of ongoing fees and expenses and assumes the reinvestment of all distributions.

SGH Property Income Fund

31 March 2018

SG HISCOCK & COMPANY

Fact Sheet

Commentary

The **S&P/ASX 300 Property Accumulation Index** rose marginally by 0.1% its first positive return month in 2018, as the threat of a global trade war saw the markets move to a risk-off footing in late-March. Global REITs delivered returns of 2.4% in March. The broader market (S&P/ASX 300 Accumulation Index) subsequently fell 3.7%.

Domestic Economic Data
The RBA continues to keep Official Interest Rates on hold at 1.5%, noting that a rise in Inflation (currently sub-2%) and a further reduction in the Unemployment Rate as crucial indicators to be met to generate a rise in Official Interest Rates in future. (The Unemployment Rate rose to 5.6% on the back of a lift in Participation Rate). The Australian Dollar was down once more, this time off nearly a cent, to US$0.7679, as Iron Ore and Coal prices declined, given the lower demand from China, coupled with the potential ramifications of a global trade war between China and the US. The 10-Year Bond Yield finished down by 20 bps to 2.60% and remains below the US 10-Year Rate.

Key data for the month saw the latest GDP growth figure come in below expectations, providing a 2.4% year-on-year figure. (Employees Compensation displayed the highest growth, which should augur well for sustained Wage Growth going forward). The latest PMI's pointed to an expanding Manufacturing sector, despite a drop in the growth rate. Dwelling Approvals came in better than expected, displaying double-digit growth over the rolling 12-months. Residential Finance Approvals only rose marginally, driven by New Builds. Credit Growth rose as a result. The latest Retail Sales Growth was an improvement but still below expectations. A positive was the continued improvement in Consumer Sentiment. Business Conditions reached a record-high, with Construction, Mining (and surprisingly Manufacturing) leading the way. The Capex Survey point to a marginal drop in within Construction.

Overseas Economic Data
The Fed in the **US** lifted Official Interest Rates by 25 bps, taking it to 1.75%, with a further 50 bps in Rate Rises expected for the remainder of 2018 (as well as lifting their more longer-dated forecasts). The respective CPI measures all remain below 2% (except the Headline figure) with estimates for GDP Growth revised down to ~2.5%. Employment surprised on the upside, with the Unemployment Rate remaining steady at 4.1%. Despite this, Wages Growth was subdued. The 10-Year Bond Yield fell by 13 bps finishing at 2.74%. The ISM remain strong and elevated, reaching a post-GFC high, with Manufacturing outperforming Non-Manufacturing. Industrial Production also rose. For the third consecutive month, Retail Sales fell but the 12-month growth remains above 4%. This is despite the rise in Consumer Sentiment. Home Sales were down for the second month in a row, whilst Permits declined.

In **Europe**, the ECB announced it will look to commence phasing out monthly asset purchases by the end of the year. While the GDP came in at 2.3% for 2017. Despite a marginal dip once more, the PMIs remain elevated for both Europe and Germany.

In **Japan** (like Europe) the BOJ is stating it is considering a reduction in stimulus, but from 2019. The PMI fell (but remains in expansionary territory) as the appreciating Yen impacts New Orders.

The PMI data in **China** increased slightly, consolidating in the expansionary zone, as authorities continue to impose restrictions on Property and Heavy Industry. Exports are up nearly 50% from 12-months earlier, leading to a rising Trade Surplus.

For Financial Adviser use only;
*The Professional Planner / Zenith Fund Awards are determined using proprietary methodologies. Fund Awards were issued October 10, 2014 and are solely statements of opinion and do not represent recommendations to purchase, hold, or sell any securities or make any other investment decisions. Ratings are subject to change.